



## *Commonwealth of Massachusetts*

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### **Governor Baker, House Speaker DeLeo, Senate President Rosenberg Announce Consensus On Health Care Price Variation Measure**

**BOSTON** – Today, Governor Charlie Baker, House Speaker Robert DeLeo and Senate President Stan Rosenberg announced they reached a consensus solution that aims to avoid a ballot question concerning healthcare pricing. The measure reforms the Special Commission to Review Variation in Prices among Providers, adjusts MassHealth rates and provides additional support for community hospitals.

"Working across the aisle with legislative leaders to work out a consensus agreement is important to addressing the issues raised by the proposed ballot question and I am thankful for the cooperation of the Speaker and Senate President," said **Governor Baker**. "I am pleased that we were able to reach these solutions together and I look forward to the Legislature taking up this matter."

"On behalf of the House, I'd like to express my appreciation to Governor Baker and Senate President Rosenberg in working to forge consensus on this price variation agreement. It is my hope that this plan will avert a costly and divisive ballot initiative

and lend assistance to our community hospitals, which serve our most underserved residents,” said **House Speaker Robert A. DeLeo (D-Winthrop)**. “I look forward to the work of the commission.”

“This framework establishes a path to a long term solution on the issue of price variation that will protect consumers, provide stability in the healthcare marketplace, and help put all of our hospitals on solid financial footing,” said **Senate President Stan Rosenberg (D-Amherst)**. “It is my hope that this consensus effort by the Legislature and Baker Administration will avoid a costly ballot question.”

**Price Variation Commission:**

Reforms the “Special Commission to Review Variation in Prices among Providers” by adding the Chairs of the Joint Committee on Health Care Financing as co-chairs to the Commission, giving the organization increased ability to examine this important issue for the healthcare industry.

**MassHealth Rate Relief:**

Authorizes the Secretary of Health and Human Services Marylou Sudders to expend up to \$15 million in additional rates to be returned to hospitals -- in addition to the \$250 million hospital assessment proposal already included in the FY17 state budget. The additional funds will follow the same distribution formula as used for the distribution of the \$250 million – sun setting after five years.

**Community Hospital Reinvestment Trust Fund:**

The Executive Office of Health and Human Services (EOHHS) will administer a new \$45 million Community Hospital Reinvestment Trust Fund over a period of five years.

The Trust Fund will be financed by redirecting existing assessments that now fund CHIA’s budget. The legislation will transfer \$5 million from the CHIA appropriation to the Trust Fund in FY17 and \$10 million each year thereafter in FY18-FY21.

The resulting \$45 million in revenue will be distributed through a series of annual relief payments over a five year period. All hospitals with relative prices below 120% of the statewide median price will be eligible for this funding. Such annual payments would be weighted and allocated proportionally so that those hospitals with lower relative prices would receive relatively higher payment awards.

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